

November 3, 2009
UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICAL MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:

Interturbine Aviation Logistics GmbH, Germany and its Texas Branch
Office, Interturbine Aviation Logistics GmbH, LLC

A German Corporation and its Texas Branch Office

Respondents

CONSENT AGREEMENT

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, U.S. Department of State ("Department") has notified Interturbine Aviation Logistics GmbH, Germany and its Texas branch office, Interturbine Aviation Logistics GmbH, LLC ("Respondents") of its intent to institute an administrative proceeding pursuant to section 38 of the Arms Export Control Act, as amended ("AECA") (22 U.S.C. §2778), and its implementing regulations, the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. pts. 120-130);

WHEREAS, the Department acknowledges that the Respondents described these matters in a disclosure submitted to the Department, and

cooperated both with the Immigration & Customs Enforcement (ICE) and the Department's investigations of this matter;

WHEREAS, the Respondents have reviewed the Proposed Charging Letter and this Consent Agreement, fully understand these documents, and enter into this Consent Agreement voluntarily and with full knowledge of their rights;

WHEREAS, the Respondents have implemented significant remedial measures and compliance controls;

WHEREAS, the Respondents wish to settle and dispose of all potential civil charges, penalties and sanctions arising from the Proposed Charging Letter by entering into this Consent Agreement;

WHEREAS, the Respondents agree to implement the following remedial measures and other such additional measures as may be mutually agreed upon by Respondents and the Director, Office of Defense Trade Controls Compliance (DTCC), and agree further that these measures will remain in effect for two (2) years, subject to the terms and conditions below, as part of this Consent Agreement entered into with the Department. Further, Respondents agree that these measures will be incorporated into any future business acquisitions of Respondents. Further, if either of the Respondents sell any division, subsidiary or other affiliate, Respondents agree to notify DTCC sixty (60) days prior to such sale, and further to notify the purchaser in writing, and to require the purchaser to acknowledge in writing, prior to the sale that the purchaser will be bound by the terms and conditions of this Consent Agreement;

WHEREAS, the Respondents agree that if the Department finds that this Consent Agreement was negotiated based on the Respondents' knowingly providing materially false or misleading information to the Department, the Department may revoke this Consent Agreement and the related administrative order ("Order"), and bring additional charges against the Respondents. Additionally, the Respondents understand that a violation of this Consent Agreement is considered a violation of the Order; and

WHEREAS, the Department and the Respondents agree to be bound by this Consent Agreement and the Order to be entered by the Assistant Secretary of State for Political-Military Affairs.

Now, WHEREFORE, the Department and the Respondents agree as follows:

Parties

(1) The Parties to this Consent Agreement are the Department and the Respondents, including the Respondents' operating divisions and subsidiaries and their assignees and successors, and in the event of reorganization, the terms of this agreement will follow and apply to all affected entities or units.

Jurisdiction

(2) The Department has jurisdiction over the Respondents under the AECA and the ITAR in connection with the matters identified in the Proposed Charging Letter.

Penalty

(3) The Respondents agree that they shall pay a civil penalty of one million dollars (\$1,000,000) in complete settlement of alleged civil violations pursuant to section 38 of the AECA and the ITAR, as set forth in the Proposed Charging Letter. The Respondents agree to waive their rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by this Consent Agreement, and that the Statute of Limitations shall be tolled until the last payment is made. The Respondents also agree that such civil penalty shall be nondischargeable under Section 523(a)(7) of the Federal Bankruptcy Code. The civil penalty shall be payable as follows:

- a) One hundred thousand dollars (\$100,000) shall be paid to the Department as follows: fifty thousand dollars (\$50,000) within fifteen (15) days of the date of the Order and fifty thousand dollars (\$50,000) on or before the first anniversary date of the Order.

b) Aggregate penalties of \$900,000 dollars (\$900,000) are hereby assessed, but this amount will be suspended in accordance with the following:

- 1) Four hundred thousand dollars (\$400,000) will be suspended on the condition that neither of the Respondents violate the terms of the Consent Agreement or the ITAR, and do not seek reinstatement of their registration with DTCC or enter into any transactions involving ITAR-controlled hardware or technical data for the two (2) year term of this Consent Agreement.
- 2) Should Respondents decide to seek reinstatement and renew their DDTC registration during the two (2) year term of this Consent Agreement, Respondents will apply four hundred thousand dollars (\$400,000) to remedial compliance measures agreed to by DTCC.
- 3) Five hundred thousand dollars (\$500,000) will be suspended on the condition that Respondents have already implemented pre-Consent Agreement remedial compliance measures equivalent to this amount. These implemented compliance measures will include, but not be limited to; preventing Respondents' from ordering and/or supplying export ITAR controlled articles.

(4) Respondents are precluded from applying any portion of the one million dollar (\$1,000,000) penalty set forth in paragraph (3) as costs in any contract with any agency of the U.S. Government or any other contract where the result would be the application of any portion of the one million dollar (\$1,000,000) penalty as costs in any contract with any agency of the U.S. Government. Respondents agree that the one million dollar (\$1,000,000) penalty: (a) will be treated as expressly unallowable costs under the Federal Acquisition Regulations; (b) will not be recovered or sought to be recovered as allowable costs, either directly or indirectly under any federal prime contract, grant or subcontract; and (c) will not be taken as a federal tax deduction. In the event that either of the Respondents violate these prohibitions, the Department will deem it a "failure to apply funds appropriately for the required purpose."

(5) Any failure to apply funds appropriately for the required purpose, or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case the Respondents shall be required to pay immediately to the Department the amount of the suspended portion of the penalty, less any amounts the Department deems to have been properly applied and accounted for expenditures in compliance with this Consent Agreement.

Designation of Defense Articles

(6) The Respondents, their subsidiaries and other affiliates acknowledge and accept the authority of the Department to designate what is a defense article, and that the ITAR requires written authorization before such articles are exported, regardless of whether the underlying defense article is used in a commercial system or product.

Debarment

(7) The Respondents have acknowledged the seriousness of the violations cited in the Proposed Charging Letter. The Respondents have cooperated with the Department's investigation, expressed regret for these activities and taken steps to improve their compliance programs. They have also undertaken to make amends by paying a civil penalty, and implementing the significant additional remedial compliance actions specified in this Consent Agreement. For these reasons, the Department has determined not to impose an administrative debarment of Respondents based on the civil charges in the Proposed Charging Letter at this time. The Department reserves the right to impose additional sanctions, including debarment under the ITAR, against the Respondents, any subsidiary or other affiliate over which the Respondents exercise control, if either does not fulfill the provisions of the Consent Agreement or is responsible for other compliance or law enforcement issues under the AECA, or under other statutes enumerated in § 120.27 of the ITAR.

Export Compliance Management Office Oversight

(8) Respondents will continue their compliance programs through their Office of Export Compliance Management ("Compliance Office"). The

Compliance Office will provide oversight and support, respectively, in all divisions for all matters involving compliance with United States export laws and regulations consistent with Respondents' existing export compliance control system. This oversight will be structured to achieve the Respondents' policy of not conducting business activities regulated under the ITAR. Additionally, the Respondents' Compliance Office shall ensure that in each business unit appropriate legal support is made available as necessary to the principal personnel responsible for export compliance, and appropriate legal oversight is performed in each business unit with respect to such matters.

On-site Reviews by the Department

(9) For the purpose of assessing compliance with the provisions of this Consent Agreement, the Respondents agree to arrange and facilitate with minimum advance notice, on-site reviews by the Department while this Consent Agreement remains in effect.

Audits

(10) The Respondents shall retain outside consultant with expertise in AECA/ITAR matters, approved by DTCC, to conduct an audit of their export control systems. The audit will assess the overall effectiveness of the Respondents' ECCN-ITAR AUTOPILOT, U.S. and European Community automated export control system to insure that Respondents' policy not to export or broker ITAR controlled articles is effective and all ITAR controlled articles are readily identifiable and prevented from being exported or brokered. Within twelve months (12) of the effective date of this Consent Agreement, the audit will be completed and a written report containing recommendations for improvements with respect to Respondents' export control systems will be submitted by Respondents to the Director, DTCC along with Respondents' plan on how they will address those recommendations.

Understandings:

(11) No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, nor shall this Consent Agreement serve to bind, constrain, or otherwise

limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed in the Proposed Charging Letter. Specifically, the Respondents acknowledge and accept that there is no understanding expressed or implied through this Consent Agreement with respect to a final decision by the Department of State concerning export licenses or other U.S. Government authorizations.

(12) The Respondents acknowledge the nature and seriousness of the offenses charged in the Proposed Charging Letter, including the potential risk of harm to the national security and foreign policy interests of the United States. If this Consent Agreement is not approved pursuant to an Order entered by the Assistant Secretary for Political-Military Affairs, the Department and the Respondents agree that they may not use this Consent Agreement in any administrative or judicial proceeding, and that the parties shall not be bound by the terms contained in this Consent Agreement.

(13) The Department agrees that, upon signing of the Order, this Consent Agreement resolves with respect to the Respondents the civil penalties or administrative sanctions with respect to violations of § 38 of the AECA or the ITAR arising from facts the Respondents have disclosed in writing to the Department in their voluntary disclosure dated May 31, 2006, or that have been identified in the Proposed Charging Letter.

Waiver

(14) The Respondents waive, upon the signing of the Order, all rights to seek any further steps in this matter, including an administrative hearing pursuant to Part 128 of the ITAR. The Respondents also waive any such rights with respect to any additional penalty (with the exception of any suspension or debarment action) assessed by the Director, DTCC in connection with an alleged material violation of this Consent Agreement (limited to one million dollars (\$1,000,000)) except as follows: In the event that the Director, DTCC determines that the Respondents have materially violated this Consent Agreement and impose such additional penalty, and the Respondents dispute such determination, the Respondents may appeal such determination to the Assistant Secretary for Political-Military Affairs of the Department, and the decision of the Assistant Secretary for Political-Military Affairs shall be the final

determination in the matter, which may not be appealed. The Respondents also agree that any such additional civil penalty shall be nondischargeable under Section 523(a)(7) of the Federal Bankruptcy Code. The Respondents also waive the right to contest the validity of this Consent Agreement or the Order, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement or Order.

Term and Certification

(15) Three (3) months prior to two (2) year anniversary of the date of the Order, the Respondents shall submit to the Director, DTCC a written certification that all aspects of this Consent Agreement have been implemented, to include but not be limited to implementation of Audit recommendations. The Consent Agreement shall remain in force beyond the two (2) year term until such certification is submitted and the Director, DTCC determines based on this certification and other factors that all compliance measures set forth in this Consent Agreement have been implemented, and that the Respondents' ITAR compliance program appears to be adequate to identify, prevent, detect, correct and report violations of the AECA and the ITAR.

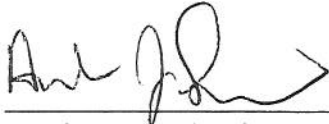
Documents to be Made Public

(16) The Respondents understand that the Department will make this Consent Agreement, the Proposed Charging Letter and the Order, when entered, available to the public.

When Order Becomes Effective

(17) This Consent Agreement shall become binding on the Department only when the Assistant Secretary for Political-Military Affairs approves it by entering the Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

U.S. Department of State



Andrew J. Shapiro
Assistant Secretary for
Political-Military Affairs

January 7, 2010

Date

Interturbine Aviation Logistics GmbH



Burckhard Schneider
President,
Interturbine Aviation Logistics GmbH

02.12.2009

Date



Soenke Hansen
Vice President Business Development
Interturbine Aviation Logistics GmbH, LLC

Interturbine Aviation Logistics GmbH, LLC

02-DEC-2009

Date